GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:3927
ANSWERED ON:27.03.2017
Arbitration Cases of Oil Field Disputes
Ramachandran Shri Krishnan Narayanasamy

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Directorate General of Hydrocarbons (DGH) has approached the Government for resolving oil field disputes with contractors/companies and also given certain suggestions for improving the dispute redressal mechanism to minimize incidence of arbitration cases;
(b) if so, the details thereof and the response of the Government thereto;
(c) the details and current status of cases of oil field disputes pending with Arbitrators; and
(d) the steps taken/being taken by the Government to resolve such cases in a time bound manner?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE)
IN THE MINISTRY OF PETROLEUM & NATURAL GAS
(SHRI DHARMENDRA PRADHAN):
(a) & (b) DGH had given suggestions for improving the dispute resolution mechanism such as encouraging conciliation proceedings; examination by Multi Disciplinary teams and Executive Committee of DGH on potential litigations; timely appointment of arbitrators by the Government; appointing arbitrators having domain expertise; delegating powers to DGH to create its own panel of law firms/advocates, delegation of powers for fee approval to the Executive Committee of DGH; Vetting of the proposals by advisory committee for referring the matters to Sole Expert/Conciliation, changing seat of arbitration to India while approving the extensions in Pre-NELP PSCs.
Government has enhanced the powers of DGH for hiring of counsels for defending arbitrations. In the policy for extension of PSCs for small and medium sized discovered fields, the seat of arbitration during the extended period has been kept in India. Arbitrators and counsels are being timely appointed. Also, contractors are being provided a forum in the Ministry for resolving disputes and meetings are being held at various levels to sort out the issues related to gas balancing, abandonment obligations etc. Good International Petroleum Industry Practices have been codified and Guidelines for Site Restoration have been prepared to reduce ambiguity on these aspects, thereby reducing the possibility of litigation.
(c) The list of arbitration cases is placed at Annexure I.
(d) The Government has come out with a Policy Framework for Relaxation, Extensions and Clarifications at the Development and Production Stage for Early Monetization of Hydrocarbon Discoveries, through which many issues pertaining to different blocks have been resolved. Further, the Policy on Testing Requirements has been brought out to avoid disputes in future.
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